

**Report on Audit of Timekeeping Practices  
For Fiscal Year 2001**

**November 2001**

**Reference Number: 2002-1C-022**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

November 27, 2001

MEMORANDUM FOR DAVID A. GRANT  
DIRECTOR OF PROCUREMENT  
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner  
Deputy Inspector General for Audit

SUBJECT: Report on Audit of Timekeeping Practices for Fiscal  
Year 2001 (Audit #200210002.009)

As part of the Defense Contract Audit Agency (DCAA) comprehensive audit of the Contractor's - Civil Division, the DCAA performed a review of the contractor's timekeeping practices. The purpose of the review was to evaluate the contractor's timekeeping system as a basis to provide integrity and reliability of the labor costs incurred, accumulated, and reported in the performance of government contracts. The review included Time Entry System reviews and unannounced floorchecks of selected contractor's employees. The DCAA audit covered contractor operations during Fiscal Year 2001.

In summary, the DCAA noted significant deficiencies during the course of the review (i.e., employees' previous days had not been recorded and employees posted their entries in advance). The DCAA stated that these are prior deficiencies, which the contractor has not adequately corrected. In addition, the DCAA believes certain contractor labor practices require corrective action to improve the reliability of the contractor's labor accounting system.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

# NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

*The TIGTA seal was removed due to its size.*